BALLPARK AND REDEVELOPMENT PROJECT
FINANCING ASSUMPTIONS (PRO FORMA)
EXPLANATION OF LINE ITEMS FOR ATTACHMENT D

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1. *Reserve and Balance from Prior Year* - Annual unexpended funds carried forward from previous year.

2. *Annual Budget Project Allocation* - Revenue allocation made annually by City Council from Special Promotional Programs budget.

3. *Ballpark and Redevelopment Project Revenue* - Revenue allocation made annually by City Council in an amount equivalent to receipts from the tax on hotel rooms generated from three hotels in the Ballpark District (District), which are the responsibility of Padres L.P. Revenue estimated and modeled using attached assumptions.

    Under a Joint Use and Management Agreement ("JUMA") between the City and Padres L.P., Padres L.P. agreed that if the construction of any of these hotels is not completed by a date six months after which Padres L.P. has the right to occupy certain portions of the Ballpark Facility, the City is entitled to certain set-offs to the City's obligation to make operation and maintenance payments. In particular, the failure to timely complete the construction of a hotel would entitle the City to a set-off against the City's annual obligation to pay up to $3.5 million of certain operation and maintenance expenses ("O&M Expense") related to the Ballpark Facility (subject to adjustment as prescribed in the JUMA). Any such set-off would be subject to an overall annual limit that is equivalent to the amount payable for a particular year by the City as operation and maintenance expenses. The financial projections assume that the Four Star Hotel and the Boutique Hotel are to open by April of 2004, although they may open earlier. The Boutique/Value-Oriented Hotel is not planned to be open until later, due to market conditions, but the City will utilize the set-off described above.

    The Second Implementation Agreement accepts from John Moores (principal owner of Padres L.P.) and Padres L.P. as co-obligors ("Obligors") a guaranty ("TOT Guaranty") that calls for the annual payment to the City by the Obligors of a sum equal to the amount by which the projected total annual TOT of all the Phase 1 hotels, minus TOT actually produced by the Phase I hotels, exceeds the annual available O&M Expense set-off. The TOT Guaranty will be effective if the Four Star Hotel is not open by April 1, 2004 and shall terminate the earlier of: a) the opening of the Four Star Hotel; or b) 54 months after the expiration of the Disposition and Development Agreement for the Four Star Hotel ("Four Star DDA"), provided that TOT Guarantee will become effective only if the Four Star DDA is extended to and including December 31, 2003.

4. *Other Revenue* - Revenue allocation made annually by City Council in an amount equivalent to receipts from the tax on hotel rooms generated from hotels either within or in the immediate vicinity of the District, and not currently committed.

5. *Cash Funding* - Existing funds the City has used to contribute to the project rather than debt finance. Also included in this line item is $3.8 million that will be repaid to the fund it originally came from.

6. *Reimbursement from Costs of Issuance* - Reimbursement, from bond proceeds, of certain costs incurred prior to the issuance.

7. *Sales Tax - Construction Only* - Sales tax revenue derived from project related construction.

8. *Rent from Padres L.P.* - Rent from Padres L.P. for facility occupancy ($500,000 per year increased every five years by cumulative CPI). One-half year rental payment assumed in FY04.

9. *Interest Earnings* - Interest on fund balance, stabilization reserve fund, and debt service reserve fund.

10. *Project Financing Payments* - Estimated annual payments on a taxable lease revenue bond financing, producing $130.4 million in construction proceeds. Assumes financing date in early December 2001. Interest rate of 7.84%based upon current market rates (November 2001). This reflects the estimated impact of outstanding litigation on the pricing of the bonds as well as the cost of bond insurance.

11. *Operating Expense Requirement* - City's share of facility operating expenses which will not exceed costs up to $3.5 million annually plus CPI. Total operating expenses are estimated at $9 - $10 million per year. One-half year expense assumed in FY04.

12. *Stabilization Reserve Fund* - An internal reserve fund equivalent to one-half annual debt service to be used in the event revenues fall short of projections.

13. *Project Expenditures (Cash)* - Project expenditures funded with cash ($32.2 million) allocated to the project. Included in this line item is $3.8 million that will be repaid to the fund it originally came from. In addition to the amount reflected on this cash flow, the City will be depositing an additional $47.1 million to the Design and Construction fund, which will reduce the City investment that must be funded from the proceeds of a lease revenue bond financing to $130.4 million.

14. *Costs of Issuance/Negotiation Expenses* - Certain costs incurred prior to the bond issuance, and costs to negotiate certain terms among the parties involved in the project; some of such costs will be reimbursed from the proceeds of the financing.

15. *Project Management* - Costs, such as that of the Ballpark Project Manager, which provide project oversight and management, and which are not associated with the hard construction costs of the project.

16. *Reserve for Encumbrances/Continuing Appropriations* - Amounts encumbered but not yet expended pertaining to project expenditures and costs of issuance approved by City Council.

17. *Balance* - Annual unexpended funds. Fund balances are necessary to provide income necessary for financing payments and the escalation in operating expenses.

These assumptions are not budget decisions. City Council will make those decisions each and every year in the future. This Pro Forma shows various funding sources available in future years, and which are not currently committed, out of which the City's investment in the Ballpark Redevelopment and Ballpark Project can be financed.